



ADMINISTRATIVE SERVICES DEPARTMENT

MEMORANDUM

DATE: September 17, 2012

TO: The Oversight Board of the Successor Agency to the Former Temple City Redevelopment Agency

FROM: Tracey L. Hause, Administrative Services Director

SUBJECT: RESOLUTION NO. OB-6, RECEIVING THE STATUTORY DUE DILIGENCE REVIEW IN ACCORDANCE WITH AB 1484

RECOMMENDATION:

- a) Adopt the attached Resolution No. OB – 6, receiving the statutory Due Diligence Review in accordance with AB 1484;
- b) Receive report from staff;
- c) Open the statutory public comment session and receive public input; and
- d) Continue public input to September 26, 2012.

BACKGROUND:

1. On June 29, 2011, as part of adopting the State of California Fiscal Year (FY) 2011-12 budget, the Governor signed two trailer bills, AB X1 26 and AB X1 27, into law. The legislation was effective on June 29, 2011. AB X1 26 eliminated redevelopment agencies as of October 1, 2011. Under AB X1 26 (chapter 5, Statutes of 2011), an Oversight Board was established to oversee the actions of the Successor Agency to the Temple City Redevelopment Agency (Successor Agency).
2. On July 18, 2011, the California Redevelopment Association and League of California Cities filed suit to invalidate AB X1 26 and AB X1 27.
3. On December 29, 2011, the California Supreme Court announced its decision in *CRA v. Matosantos* upholding AB X1 26 as a constitutional exercise of the Legislature's power, but striking down AB X1 27 as unconstitutional.

4. On January 13, 2012, in the absence of any election to the contrary, the City of Temple City (i.e., "City") became the successor entity for the general functions of the Temple City Community Redevelopment Agency.
5. On February 1, 2012, every redevelopment agency in the State of California was dissolved and a successor agency was created for each redevelopment agency.
6. On June 27, 2012, AB 1484 was passed by the legislature. AB 1484 is a clean-up bill to AB X1 26.
7. On August 6, 2012, the Oversight Board adopted Resolution No. OB – 4 allowing the Successor Agency to negotiate a professional services agreement with Vavrinek, Trine, Day & Co., LLP ("VTD") for a Due Diligence Review in accordance with AB 1484.

ANALYSIS:

There are numerous changes to ABX1 26 as a result of AB 1484, many of which raise new questions that will hopefully be clarified in the next several months.

The major theme of AB 1484 is to divide the wind-down into three stages: 1) Resolving outstanding property tax payment issues from 2011-2012; 2) force payment for distribution to taxing entities of all unencumbered cash from the former agencies; and 3) address real property assets, city/agency loans and bond proceeds.

If the Successor Agency complies with all audit/payment requirements for the unencumbered cash, then a "finding of completion" is issued by the California Department of Finance, which allows the City to attempt to retain and utilize bond proceeds. It is extremely important that the City be able to utilize the Redevelopment Bond proceeds for the Rosemead Boulevard Enhancement Project.

By October 1, 2012, successor agencies must submit to the California Department of Finance an Oversight Board approved Due Diligence Review of low-and-moderate income housing fund assets that has been prepared by a licensed accountant. A draft of the Due Diligence Review has been completed by VTD and is attached for your review. The Due Diligence Review lists all encumbered and unencumbered low-and-moderate income housing fund assets, and states whether or not those assets are encumbered by Enforceable Obligations. The Oversight Board is required to hold two public meetings for review of this report. The Oversight Board is also required to commence a "public comment session" five days prior to actual approval of the Due Diligence Review. The Oversight Board is being asked to take public input on

September 17, 2012 and to reconvene on September 26, 2012 for the second required public meeting.

After submission of the Due Diligence Review by October 1, 2012, the California Department of Finance has until November 9, 2012 to finalize its review of the submittals, and to determine which low-and moderate income housing fund assets are not encumbered by Enforceable Obligations and issue a "finding of completion".

CONCLUSION:

In order to ensure the City can utilize the Redevelopment Bond proceeds for the Rosemead Boulevard Enhancement Project, it is imperative the Successor Agency complete a Due Diligence Review on the unencumbered low-and-moderate income housing fund assets and all other assets, and receives a "finding of completion" from the California Department of Finance. VTD has completed their review for the unencumbered low-and-moderate income housing fund and is presented for the Oversight Board's and public review.

FISCAL IMPACT:

There is no fiscal impact to the Oversight Board with this action.

ATTACHMENTS:

A. Draft Due Diligence Report for Low-and-Moderate Income Housing Fund Assets